

*NRDC Comments to CARB on Reporting, Verification and Enforcement  
June 17, 2008*

---

**From:** Kristin Grenfell, NRDC (kgrenfell@nrdc.org; 415-875-6100)  
**To:** California Air Resources Board Staff (ccplan@arb.ca.gov)  
**Re:** NRDC Comments on Reporting, Verification and Enforcement  
**Date:** June 17, 2008

---

NRDC thanks CARB for holding the workshop on June 3, 2008 on reporting, verification, and enforcement. Transparent reporting and vigorous enforcement are of paramount importance to the ultimate success of a cap and trade program. We submit these brief comments in response to the presentations and discussion at the workshop.

### **Transparency**

Emissions data should be transparent and publicly available. In addition, we repeat our request that CARB amend the mandatory reporting requirements to require entities to submit data used to calculate emissions and supporting documentation to CARB so that it can also be made available to the public.<sup>1</sup> Making emissions data available, along with the underlying documentation, and information about allowances, prices, and concurrent air and toxic pollutants will help the market function better and will build public confidence in the program.

### **Penalties**

If a capped entity does not surrender sufficient allowances at the end of a compliance period, it should face fines, civil and criminal penalties,<sup>2</sup> and should be required to surrender a multiple of the allowances not surrendered. The penalty should be large enough that no rational entity would choose to pollute and accept the penalty.

### **Length of Reporting, Verification, and Compliance Periods**

We agree with several other parties who commented during the workshop that reporting periods should be shorter than verification periods, which in turn should be shorter than compliance periods. For example, CARB could require monthly reporting, annual verification, and three-year compliance periods.

### **Market Manipulation**

CARB should set up an independent oversight board to monitor the mandatory carbon market and prevent market manipulation.

---

<sup>1</sup> See NRDC letter to Richard Bode "Re: Proposed Revisions to Mandatory Reporting Requirements," March 19, 2008.

<sup>2</sup> California Health and Safety Code § 38580(b)(1) states that violations are subject to penalties set forth in § 4200. Section 4200 *et. seq.* states that violators are guilty of a misdemeanor and subject to fines and imprisonment.